



The Economic Value of Camosun College

# EXECUTIVE SUMMARY



**C**AMOSUN College (Camosun) creates value in many ways. The college plays a key role in helping students increase their employability and achieve their individual potential. It draws students to the region, generating new dollars and opportunities for the Camosun College Region. Camosun provides students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, Camosun is a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

Camosun influences both the lives of its students and the regional economy. The college supports a variety of industries in the Camosun College Region, serves regional businesses, and benefits the provincial government through increased tax revenues and public sector savings. The benefits created by Camosun even extend to society as a whole in British Columbia, which benefits from an expanded economy and improved quality of life.

This study measures the economic impacts created by Camosun on the business community and the benefits the college generates in return for the investments made by its key stakeholder groups—students, taxpayers, and society. The following two analyses are presented:



### Economic impact analysis



### Investment analysis

All results reflect employee, student, and financial data, provided by the college, for fiscal year (FY) 2018-19. Impacts on the Camosun College Region economy are reported under the economic impact analysis and are measured in terms of added income. The returns on investment to students, taxpayers, and society in British Columbia are reported under the investment analysis.



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# Economic impact analysis

Camosun promotes economic growth in the Camosun College Region through its direct expenditures and the resulting expenditures of students and regional businesses. The college serves as an employer and buyer of goods and services for its day-to-day and construction operations. The college's activities attract students from outside the Camosun College Region, whose expenditures benefit regional vendors. In addition, Camosun is a primary source of post-secondary education to Camosun College Region residents and a supplier of trained workers to regional industries, enhancing overall productivity in the regional workforce.

## Operations Spending Impact



Camosun adds economic value to the Camosun College Region as an employer of regional residents and a large-scale buyer of goods and services. In FY 2018-19, the college employed faculty and staff equivalent to 1,235 full-time employees, 98% of whom lived in the Camosun College Region. Total payroll at Camosun was \$107 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the college spent \$23.2 million on day-to-day expenses related to facilities, supplies, and professional services.

Camosun's day-to-day operations spending added \$139.9 million in income to the region during the analysis year. This figure represents the college's payroll, the multiplier effects generated by the in-region spending of the college and its employees, and a downward adjustment to account for funding that the college received from regional sources. The \$139.9 million in added income is equivalent to supporting 1,687 jobs in the region.

## Construction Spending Impact



Camosun spends millions on construction each year to maintain its facilities, create additional capacities, and meet its growing educational demands. While the amount varies from year to year, this spending generates a short-term infusion of spending and jobs in the regional economy. The quick infusion of income and jobs that occurred in the regional economy as a result of this construction spending is considered short-term due to the one-time nature of such projects. Nonetheless, the college's construction spending had a substantial impact on the regional economy in FY 2018-19, equal to \$13.5 million in added income and equivalent to supporting 132 jobs.

IMPACTS CREATED BY CAMOSUN  
IN FY 2018-19



**\$139.9 million**  
Operations Spending Impact



**\$13.5 million**  
Construction Spending Impact



**\$59.7 million**  
Student Spending Impact



**\$698.9 million**  
Alumni Impact



**\$912 million**  
TOTAL IMPACT

- OR -

**10,786**  
JOBS SUPPORTED

## Student Spending Impact



Around 21% of students attending Camosun originated from outside the region in FY 2018-19, and some of these students relocated to the Camosun College Region to attend Camosun. These students may not have come to the region if the college did not exist. In addition, some in-region students, referred to as retained students, would have left the Camosun College Region if not for the existence of Camosun. While attending the college, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated \$59.7 million in added income for the regional economy in FY 2018-19, which supported 962 jobs in the Camosun College Region.

## Alumni Impact



The education and training Camosun provides for regional residents has the greatest impact. Since its establishment, students have studied at Camosun and entered the regional workforce with greater knowledge and new skills. Today, thousands of former Camosun students are employed in the Camosun College Region. As a result of their Camosun educations, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2018-19, Camosun alumni generated \$698.9 million in added income for the regional economy, which is equivalent to supporting 8,005 jobs.

## TOP INDUSTRY IMPACTS (JOBS SUPPORTED)



### Impact of International Students

International students are an important part of the Camosun community. In FY 2018-19, Camosun served 2,168 international students, almost all of whom relocated to the Camosun College Region. These students brought new money to the regional economy through their spending on housing, food, and other living expenses. International student spending in FY 2018-19 generated **\$22.6 million** in added income for the regional economy.

It is estimated that 20% of international students remain in the region after finishing their time at Camosun. Today, thousands of these students are employed in the Camosun College Region, receiving higher earnings and increasing the productivity of the businesses that employ them. In FY 2018-19, these active alumni generated **\$26.6 million** in added income for the regional economy.



## Total Impact

Camosun added \$912 million in income to the Camosun College Region economy during the analysis year, equal to the sum of the operations and construction spending impacts, the student spending impact, and the alumni impact. For context, the \$912 million impact was equal to approximately 4.5% of the total gross regional product (GRP) of the Camosun College Region. This contribution that the college provided on its own is as large as the entire Finance & Insurance industry in the region.

Camosun's total impact can also be expressed in terms of jobs supported. The \$912 million impact supported 10,786 regional jobs, using the jobs-to-sales ratios specific to each industry in the region. This means that one out of every 21 jobs in the Camosun College Region is supported by the activities of Camosun and its students. In addition, the \$912 million, or 10,786 supported jobs, stemmed from different industry sectors. Among non-education industry sectors, Camosun's activity and alumni in the Retail Trade industry sector supported 1,843 jobs in FY 2018-19. These are impacts that would not have been generated without the college's presence in the Camosun College Region.

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# Investment analysis

An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. If the benefits outweigh the costs, then the investment is financially worthwhile. The analysis presented here considers Camosun as an investment from the perspectives of students, taxpayers, and society in British Columbia.

## Student perspective



In FY 2018-19, Camosun served 15,995 credit and 5,610 non-credit students. In order to attend the college, the students paid for tuition, fees, books, and supplies. Additionally, students gave up money they would have otherwise earned had they been working instead of attending college. The total investment made by Camosun's students in FY 2018-19 amounted to a present value of \$197.2 million, equal to \$58.9 million in out-of-pocket expenses and \$138.2 million in forgone time and money.

In return for their investment, Camosun's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average Camosun diploma graduate from FY 2018-19 will see an increase in earnings of \$10,300 each year compared to a person with a high school diploma or equivalent working in British Columbia. Over a working lifetime, the benefits of the diploma over a high school diploma will amount to an undiscounted value of \$391.4 thousand in higher earnings per graduate. Altogether, Camosun's FY 2018-19 students will receive \$363.4 million in higher future earnings over their working lives, as a result of their education and training at Camosun.

The average diploma graduate from Camosun will see an increase in earnings of **\$10,300** each year compared to a person with a high school diploma or equivalent working in British Columbia.



The students' benefit-cost ratio is 1.8. In other words, for every dollar students invest in Camosun, in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$1.80 in higher future earnings. Annually, the students' investment in Camosun has an average annual internal rate of return of 12.4%.

## Taxpayer perspective



Camosun generates more in tax revenue than it takes. These benefits to taxpayers consist primarily of taxes that the provincial government will collect from the added revenue created in the province. As Camosun students earn more, they will make higher tax payments throughout their working lives. Students' employers will also make higher tax payments as they increase their output and purchases of goods and services. By the end of the FY 2018-19 students' working lives, the provincial government will have collected a present value of \$227.2 million in added tax revenue.

Benefits to taxpayers also consist of savings generated by the improved lifestyles of Camosun students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. Students' Camosun educations will generate savings in three main categories: 1) healthcare, 2) crime, and 3) income assistance. Improved health will lower students' demand for health care services. In addition, students will be less likely to interact with the criminal justice system, resulting in a reduced demand for law enforcement and reduced victim costs. Camosun students will be more employable, so their reduced demand for income assistance such as welfare and unemployment benefits will benefit taxpayers. For a list of study references, contact the college for a copy of the main report. Altogether, the present value of the benefits associated with a Camosun education will generate \$8.8 million in savings to provincial taxpayers.

Total taxpayer benefits amount to \$236 million, the present value sum of the added taxes and public sector savings. Taxpayer costs are \$70 million, equal to the amount of provincial government funding Camosun received in FY 2018-19. These benefits and costs yield a benefit-cost ratio of 3.4. This means that for every dollar of public money invested in Camosun in FY 2018-19, taxpayers will receive a cumulative value of \$3.40 over the course of the students' working lives.

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### STUDENT PERSPECTIVE

**\$363.4 million**  
Present value benefits

**\$197.2 million**  
Present value costs

**\$166.2 million**  
Net present value

Benefit-cost ratio	Rate of return
1.8	12.4%



### TAXPAYER PERSPECTIVE

**\$236 million**  
Present value benefits

**\$70 million**  
Present value costs

**\$166 million**  
Net present value

Benefit-cost ratio	Rate of return
3.4	21.6%



### SOCIAL PERSPECTIVE

**\$1.5 billion**  
Present value benefits

**\$279.8 million**  
Present value costs

**\$1.3 billion**  
Net present value

Benefit-cost ratio	Rate of return
5.5	n/a*

\*The rate of return is not reported for the social perspective because the beneficiaries are not necessarily the same as the original investors.

The average annual internal rate of return for taxpayers is 21.6%, which compares favorably to other long-term investments in the public and private sectors.

## Social perspective



Society as a whole in British Columbia benefits from the presence of Camosun in two major ways. Primarily, society benefits from an increased economic base in the province. This is attributed to higher student earnings and increased business output, which raise economic prosperity in British Columbia.

Benefits to society also consist of the savings generated by the improved lifestyles of Camosun students. As discussed in the previous section, education is statistically correlated with a variety of lifestyle changes that generate social savings. Note that these costs are avoided by the consumers but are distinct from the costs avoided by the taxpayers outlined above. Healthcare savings include avoided medical costs associated with smoking, alcohol dependence, obesity, and mental illness. Crime savings include reduced criminal justice system expenditures, lower victim costs, and increased productivity of individuals who are working rather than spending time in custody. Income assistance savings include the reduced demand for employment insurance benefits and employment-related social assistance. For a list of study references, contact the college for a copy of the main report.

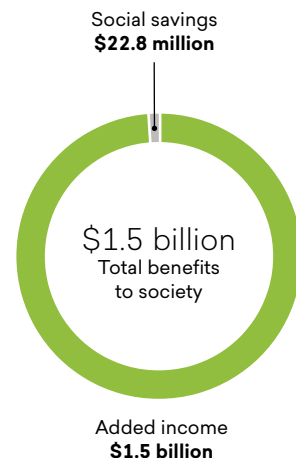
Altogether, the social benefits of Camosun equal a present value of \$1.5 billion. These benefits include \$1.5 billion in added income through students' increased lifetime earnings and increased business output, as well as \$22.8 million in social savings related to health, crime, and income assistance in British Columbia. People in British Columbia invested a present value total of \$279.8 million in Camosun in FY 2018-19. These costs include all college and student costs.

The benefit-cost ratio for society is 5.5, equal to the \$1.5 billion in benefits divided by the \$279.8 million in costs. In other words, for every dollar invested in Camosun, people in British Columbia will receive a cumulative value of \$5.50 in benefits. The benefits of this investment will occur for as long as Camosun's FY 2018-19 students remain employed in the provincial workforce.

## Summary of investment analysis results

The results of the analysis demonstrate that Camosun is a strong investment for all three major stakeholder groups—students, taxpayers, and society. As shown, students receive a great return for their investments in a Camosun education. At the same time, taxpayers' investment in Camosun returns more to government budgets than it costs and creates a wide range of social benefits throughout British Columbia.

### SOCIAL BENEFITS IN BRITISH COLUMBIA FROM CAMOSUN





# Conclusion

The results of this study demonstrate that Camosun creates value from multiple perspectives. The college benefits regional businesses by increasing consumer spending in the region and supplying a steady flow of qualified, trained workers to the workforce. Camosun enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The college benefits provincial taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, Camosun benefits society as a whole in British Columbia by creating a more prosperous economy and generating a variety of savings through the improved lifestyles of students.

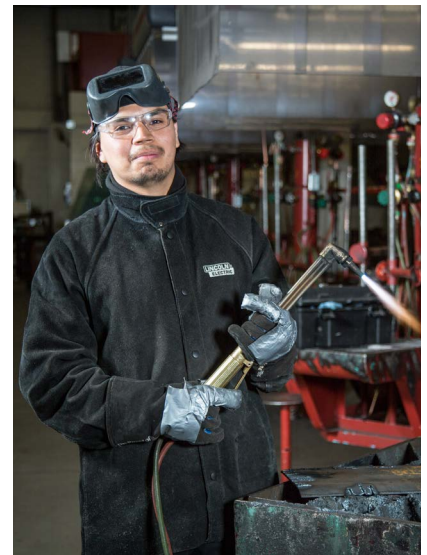
## About the study

Data and assumptions used in the study are based on several sources, including the FY 2018-19 academic and financial reports from Camosun, industry and employment data from Statistics Canada, outputs of Emsi's Canadian Regional Input-Output model, and a variety of studies and surveys relating education to social behaviour. The study applies a conservative methodology and follows standard practice using only the most recognized indicators of investment effectiveness and economic impact. For a full description of the data and approach used in the study, please contact Camosun for a copy of the main report.

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